

EXHIBIT A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

)
IN RE AUTOMOTIVE PARTS) 2:12-md-02311
ANTITRUST LITIGATION)
)
_____)
)
ALL PARTS CASES)
_____)
)
THIS DOCUMENT RELATES TO:)
ALL ACTIONS)
_____)

HIGHLY CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

30(b)(6) Deposition of Honda
BARRON UMEMOTO
Torrance, California
Thursday, November 10, 2016

Veritext Legal Solutions
Mid-Atlantic Region
1250 Eye Street NW - Suite 350
Washington, D.C. 20005

1 A. Of the finalized proposed MSRP and it has the
2 invoice on it.

3 Q. And you said those are in a locked file?

4 A. Yeah. We have a locked firewall cabinet.

5 Q. Where is that physically?

6 A. On -- by my desk basically, close by.

7 Q. You're in Torrance, right?

8 A. Torrance, yes, at American Honda.

9 Q. Who has access to that?

10 A. The administrator in our department has a key,
11 Reiko, one of the pricing people have the key, and one
12 of the cross brands people have the key.

13 Q. When you're calculating the MSRP price, are you
14 looking at cost data for the vehicle?

15 A. We look at the cost data because that basically
16 calculates the profit based on where our MSRP is set.

17 Q. Do you know where that cost data is maintained
18 or where it comes from?

19 A. It comes from the factory accounting so that
20 breakdown, that's the ...

21 Q. And is that the only source of, the Excel
22 spreadsheet breakdown, is that the only source of cost
23 data that you're considering?

24 A. That's the primary. It summarizes. We do
25 receive cost charts. They're called Yamacatas or

1 waterfall charts that may show the restart of a
2 timeframe to the end timeframe where the cost is.

3 Q. Where are those maintained?

4 A. Once we receive them from the factory, we
5 maintain it in our shared drive.

6 Q. How many of those would you say you have?

7 MR. PURCELL: Object to the form.

8 THE WITNESS: For every model that goes through
9 an evaluation there's a cost chart.

10 BY MS. CASSELMAN:

11 Q. And does that go back to 2004, presumably?

12 A. I would think. I would have to check.

13 Q. So of all the sources of data that you're
14 keeping in your shared drive that we're talking about,
15 do you have a sense of how large it is, like, what is
16 the volume of data?

17 A. Every year we set pricing so every model gets
18 its own packet. Every time there's a model launch from
19 the creation to the launch, there's these checkpoints
20 that happen, and so every checkpoint, it's a big -- a
21 file for that model.

22 So FMCs happen every five or six years, so
23 within that timeframe there's three or four checkpoints.
24 I don't know the math, but it's quite a bit of files.

25 Q. So I'm not a computer person, but I'm thinking

1 Q. Sure.

2 A. And then we would go ahead and simulate, and
3 then come up with the profit picture for them.

4 Q. Okay. So do they actually give you -- does the
5 breakdown spreadsheet, does that come to you from
6 planning or do you get that from the factory?

7 A. That comes from the factory to the pricing area.

8 Q. Okay. So you work pretty closely with the
9 product planners, I get that.

10 A. Right.

11 Q. So in terms of physical data and information
12 that they're providing you with, is it mostly just the
13 trim mix and MSRP proposal when that takes the form of
14 PowerPoints?

15 A. Yes.

16 Q. Okay. And you've told me that from the factory
17 you get the breakdown. Do you get any other data or
18 documents from the factory?

19 A. Well, for MSRP setting, no, we just need the
20 breakdown. If we're talking about the various stages,
21 then it's those cost charts and the breakdown.

22 Q. Okay. So let me make sure, where do the cost
23 charts go in the shared drive?

24 A. The pricing folders.

25 Q. Okay. What kind of information is in the cost

1 charts?

2 A. So if it's going from one stage to the next, the
3 starting point, they would have any changes to cost
4 regarding I guess you can say team control activities.
5 And then from there, there's another pillar that shows
6 with the new conditions such as exchange rates, such as
7 raw material or expense ratios, where their end point
8 is.

9 And then from there, we would flip using the
10 breakdown, make a profit yamataka, which you could say
11 is the reverse of the cost. The cost goes up, the
12 profit goes down. If the cost goes down, the profit
13 will show higher.

14 Q. Okay. And are those both the profit yamataka
15 and the cost charts, are those actually Excel documents?

16 A. The cost charts are just usually a PowerPoint.

17 Q. Okay.

18 A. Yeah. We don't get anything else but the
19 PowerPoint. The breakdown is an Excel document. The
20 profit yamataka may be a document we create in Excel and
21 then copy/paste it into a PowerPoint.

22 Q. Understood.

23 MS. CASSELMAN: Off the record.

24

25

1 Q. So now I just want to ask you a couple questions
2 about document names that we've heard before, and I'm
3 going to ask you about how they sync up to the things
4 we've been talking about.

5 A. Okay.

6 Q. What are CSS reports?

7 A. I don't know.

8 Q. Okay. Not one of the things we've been talking
9 about.

10 And what about manufacturing quarterly cost
11 quotes?

12 A. I'm not a hundred percent sure of that.

13 Q. Okay. And what about cost by ship data?

14 A. Cost by ship is part of the documents that come
15 with -- that come from the factory.

16 Q. Okay. So would that be possibly another way of
17 talking about the cost breakdown that we've been
18 discussing?

19 A. Yeah.

20 MS. CASSELMAN: Okay. Thank you. I think
21 that's all the questions I have. Thank you for your
22 time. I'm going to pass to my colleague.

23 MR. ROWE: I have just a couple of random
24 follow-up questions.

25 THE WITNESS: Okay.

1 next, we would have to have an approval from our
2 evaluators, and of course, at final pricing when we set
3 MSRP it's the evaluators executives who give the final
4 approval.

5 Q. So I believe you said that you receive cost
6 information from manufacturing side?

7 A. Yes.

8 Q. Did that cost information include material
9 costs?

10 A. It's total costs, so cost to make the car from
11 outsource and in-house, plus the condition costs which
12 are updated based on the budget -- the quarterly budget
13 numbers.

14 Q. When you say "outsource costs," do you mean part
15 costs?

16 A. Part cost, yes. Outside of where the -- yeah,
17 the in-house cost, so the cost inside the factory that
18 makes it plus all of the various costs that come from
19 the outside, they call it outsource costs.

20 Q. And when you receive that cost information, what
21 I'm trying to figure out is what we understood from the
22 previous testimony from Honda, the cost of parts, let's
23 use the phrase "price," the price that's being
24 negotiated for vehicle cars fluctuates.

25 So I'm trying to figure out, when you receive

1 the cost from the factory, is that the final contract
2 price for those cars or is it a changing price that
3 you're receiving?

4 MS. TRAGER: Objection.

5 THE WITNESS: In the early stages the car isn't
6 built yet, so it's based on design. And there's some
7 cost assumptions that once it gets to the various stage,
8 those are the costs they are assuming for the car, and
9 we use those costs and calculate the profit.

10 As it gets later in the stage, the costs should
11 become more accurate, because at a certain timeframe we
12 cannot add any features, we can't make changes, so but
13 the cost is basically the cost of the vehicle.

14 BY MS. LI:

15 Q. That would be the final price that's agreed upon
16 with the parts suppliers?

17 MS. TRAGER: Objection.

18 MR. PURCELL: Objection to form, beyond the
19 scope.

20 THE WITNESS: That, I don't know.

21 BY MS. LI:

22 Q. Okay. So previously you gave us names of the
23 product planners and you gave us models that each
24 planner is responsible for.

25 Is it accurate to say each product planner is

FURTHER EXAMINATION

BY MS. TRAGER:

Q. Thank you, Mr. Umemoto.

You just mentioned that when profits are calculated a certain incentive spend is assumed; is that right?

A. Correct.

Q. What data or documents would reflect this and how it's determined, the incentive spend?

A. So -- sorry. We would receive information from our finance department, and again, it goes historically, they'll look at, I think, it's a 12-month run. I'm not a hundred percent sure, but they forecast a certain amount for the next 12 months, and that's the amount that we use.

Q. Okay. Thank you.

With respect to the documents that are reviewed or created by your department, would they in any way enable someone to track which particular component parts of the vehicle ended up in which particular cars in the U.S.?

A. From our documents? I don't believe so.

Q. Are there any other documents at Honda that you're aware of that would allow such tracking to be done?

1 A. Maybe purchasing.

2 Q. Okay.

3 A. Yeah.

4 Q. Do any of the data or documents that the pricing
5 team considers in setting MSRP include information on
6 the prices or cost to Honda of individual component
7 parts of a vehicle?

8 A. Not parts. I think I mentioned before like a
9 feature, and I'm using the eight-way power seat. As a
10 whole, if it brings value then we probably should -- we
11 probably could apply MSRP to it.

12 Q. So there's a distinction there between feature
13 and component part, like component like a bearing or --

14 A. Yeah. No, we don't --

15 Q. It's more aggregated than that, is what you're
16 saying?

17 A. Yeah. The feature, not individual parts within
18 the feature.

19 Q. Right. And what information is available
20 regarding an individual parts effect, if any, on the
21 MSRP of the vehicle that that component is incorporated
22 into?

23 MS. LI: Objection, form.

24 THE WITNESS: I don't -- we don't see it on that
25 level.

1 BY MS. TRAGER:

2 Q. You mean you don't think there's such an effect
3 or something else?

4 MR. PURCELL: Objection, form.

5 THE WITNESS: When we receive the information,
6 if the cost of a feature is \$500 that's the amount that
7 we have to use to determine whether we can charge for it
8 or if --

9 BY MS. TRAGER:

10 Q. So when I say "component part" here, I'm
11 actually not talking about features. I'm talking about,
12 for example, an individual bearing inside a car.

13 A. No, then we don't. We don't -- well, can you
14 repeat your question?

15 Q. So what information is available regarding an
16 individual part, like a bearing, its effect on the MSRP,
17 if any?

18 A. There is none.

19 MS. LI: Form.

20 BY MS. TRAGER:

21 Q. Thank you.

22 Just to clarify, there's no data or documents or
23 there's no effect?

24 A. From our point of view, there's no -- we don't
25 receive data for a specific -- those specific parts and

1 there's no document that we see regarding that.

2 Q. So would it be fair to say that there's unlikely
3 to be such an effect?

4 MR. PURCELL: Object to the form, beyond the
5 scope.

6 MS. LI: Form.

7 MS. CASSELMAN: Join.

8 THE WITNESS: I would say no, there's no effect.

9 MS. TRAGER: Thank you. That's all I have.

10 MS. LI: I have a few follow up based on your
11 questions and answers.

12

13 FURTHER EXAMINATION

14 BY MS. LI:

15 Q. So I believe counsel was asking you about the
16 effect of -- or documents that classify the individual
17 parts on the MSRP setting, and you said you don't
18 receive cost information on the individual parts, when
19 you set the MSRP.

20 Do you receive aggregated data on the cost of
21 auto parts when you set MSRP?

22 MR. PURCELL: Objection, form, asked and
23 answered.

24 MS. TRAGER: Objection, asked and answered.

25 MR. OAKES: Object to form.

1 chart?

2 MR. PURCELL: Asked and answered.

3 THE WITNESS: We seat total outsourced costs and
4 we seat total in-house costs.

5 BY MS. LI:

6 Q. Do you take into consideration of that number
7 when you set an MSRP?

8 MR. PURCELL: Also asked and answered.

9 THE WITNESS: If the costs increase over the
10 various stages, again, then -- and if the market can
11 bear an MSRP increase, in order to meet our target, that
12 would be considered, or, again, we may have to cut
13 features on the vehicle to bring the costs down.

14 BY MS. LI:

15 Q. I believe you said that the initial MSRP was set
16 by the design and the product planner?

17 A. No. The product planning -- sales -- we
18 represent what's called S-Side, sales side, so MSRP
19 setting is the image from our side. Design side, they
20 have an image of how the vehicle, what it will look
21 like, the type of engine performance.

22 Q. Do they receive cost information when they set
23 up the initial MSRP?

24 MR. PURCELL: Object to the form, asked and
25 answered.